Fixed Asset Management in the Perspective of Auditing and Accounting Standards: a Study at the Tarakan City Transportation Office

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Fixed assets are a vital component of government financial statements, holding significant value and strategic roles in supporting organizational operations. The complexity of their recording, valuation, and presentation makes fixed assets a central concern in public sector accounting practices. This study aims to analyze the accounting treatment of fixed assets at the Department of Transportation of Tarakan City based on Government Accounting Standards Statement (PSAP) No. 07. This research employs a qualitative approach using literature review and document analysis techniques. The results show that although the Department of Transportation has implemented most provisions of PSAP No. 07, several issues remain, such as inconsistent asset recording and inadequate asset valuation practices. These findings highlight the need to improve fixed asset management systems to enhance the transparency and accountability of regional financial management.

Keywords: Fixed Assets, Government Accounting, PSAP No. 07, Asset Management, Accountability

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1. Introduction

Fixed assets are an important component in government financial statements that reflect the long-term ownership and management of public resources. Since the enactment of the Government Accounting Standards (SAP) in Indonesia, asset management and reporting have remained one of the main focuses of public sector accounting. This is due to the significant value of fixed assets as well as the complexity in their recording, classification, and valuation (Committee on Government Accounting Standards [KSAP], 2014).

According to the Government Accounting Standard Statement (PSAP) No. 07, fixed assets are tangible assets that have a useful life of more than 12 months and are used in government operational activities or for public services (Damaiyana, Darmawan, & Saragih, 2020). The PSAP also classifies fixed assets into six categories, namely: land; equipment and machinery; buildings and buildings; roads, irrigation and networks; other fixed assets; and construction in the work (Fauziyyah & Sondakh, 2018). Proper management of these assets plays a major role in ensuring transparency and accountability in regional financial management.

However, in practice, the management of fixed assets in local governments still leaves various problems. The Audit Board (BPK) has consistently recorded significant problems related to fixed assets in the audit report on government financial statements, such as non-conformity with records, assets that are not well documented, and incomplete supporting data (BPK RI, 2023). This problem shows that there is a gap between the applicable regulations and the implementation in the field.

The Tarakan City Transportation Agency as part of the local government entity is also inseparable from these challenges. The complexity of fixed asset types, such as operational vehicles, traffic equipment, and supporting infrastructure, demands accurate recording and reporting systems. Therefore, this study is important to analyze how the accounting treatment of fixed assets at the Tarakan City Transportation Office has been carried out in accordance with applicable accounting standards and the audit perspective of the BPK. With this research, it is hoped that applicable recommendations can be found in improving the quality of fixed asset management within local governments.

2. Literature Review

Fixed assets are one of the important components in an organization's balance sheet, including the Department of Transportation. This asset has significant value and plays a role in the smooth operation of the organization. Therefore, asset valuation remains a crucial process to ensure accurate and accountable information regarding the value of the asset. The Indonesian government has established regulations that require public organizations, including the Department of Transportation, to conduct regular fixed asset valuations. This is stated in Government Regulation Number 71 of 2010 concerning Government Accounting Standards (SAP). A fixed asset valuation in accordance with SAP will increase the accountability and transparency of asset management in the Department of Transportation. Proper fixed asset valuation will result in more accurate financial information. It is important for a variety of purposes, such as:

1. Preparation of financial statements: Accurate information about the value of fixed assets will result in more reliable and reliable financial statements.
2. Decision-making: Transportation agency leaders can use fixed asset value information to make informed decisions regarding asset management, such as procurement, maintenance, and asset transfer.
3. Performance appraisal: Fixed asset appraisal can be one of the indicators of the performance of the Transportation Agency in managing its assets.

Proper valuation of fixed assets can help prevent misuse of assets by irresponsible parties. By knowing the true value of assets, the Transportation Agency can supervise and control assets more effectively. Accurate information about the value of fixed assets can help the Department of Transportation in managing its assets more efficiently. This can be done by:

1. Determine asset procurement priorities: The Department of Transportation can prioritize asset procurement based on the needs and value of existing assets.
2. Perform optimal asset maintenance: The Transportation Department can carry out asset maintenance in a timely manner and according to needs, so that the useful life of the asset can be optimized.
3. Transferring assets that are no longer in use: The Department of Transportation can transfer assets that are no longer in use at an optimal price.

Proper and accountable valuation of fixed assets will increase the credibility of the Department of Transportation in the eyes of the public. This is important to build trust and improve the positive image of the Transportation Office.

In this study, we will discuss the valuation of fixed assets in the Tarakan City Transportation Office. The Transportation Department has the main task of rules to conduct government affairs in the regions in the field of transportation based on the basis of regional autonomy. This research at the Transportation Department focuses on fixed assets used by the agency and the community to make it easier to see how the accounting treatment is based on PSAP No.07 concerning Fixed Asset Accounting at the Tarakan City Transportation Office. The treatment of fixed asset accounting in government agencies is essential to maintain public accountability and the effectiveness of financial reporting. The Tarakan City Transportation Office has a variety of fixed assets. These fixed assets have significant value for the service and are measured and managed properly. However, is it in accordance with its accounting treatment based on PSAP No.07 on Fixed Asset Accounting. The purpose of this research is to conduct an analysis of fixed asset management at the Tarakan City Transportation Office whether it is in accordance with the Government Accounting Standard Statement No.07. It is hoped that the results of this study can provide useful recommendations for the agency in managing their fixed assets more in accordance with the PSAP.

3. Methodology

Types of research

This type of research is a methodical approach to gathering information with the purpose and objectives of the investigation, the objectives and objectives of the research. Four crucial terms that need to be considered: specific uses, data, results, and scientific methods (Sugiyono, 2019). The phrases "population" and "sample" are not used in qualitative research, it would make more sense to refer to populations and samples in a qualitative approach as a source of data, a social state. Because social circumstances are the result of investigated cases that cannot be included in the same population, qualitative research refers to them as social situations rather than populations. However, he is part of the social population.

Place and Time of the research

The location of this research will be carried out at the Tarakan City Transportation Office in March 2024.

Data Type

The data used in this study includes primary data. Primary data collection carried out by the researcher was in the form of:

1. Asset and inventory reports
2. Regional management information system (SIMDA) application.
3. Financial Statements of the Department of Transportation.
4. The results of interviews with a number of leaders and employees who work in the research object are Tarakan city transportation.

Data Collection Methods

This research uses a descriptive method that aims to collect data, analyze and present data related to the problem being researched. The techniques and methods used by the author in collecting data are as follows:

1. Interview
   In obtaining information to be able to find out the data on the purpose of the research by oral or face-to-face between researchers and sources. The researcher communicates directly with parties related to asset management at the Tarakan City Transportation Office. The source of the research respondents is an employee of the Tarakan city transportation agency.
2. Documentation
   This technique can be in the form of written text, images, tables, or photos. The documentation technique is to look for facts about things or variables in the form of records, evidence of fixed asset records, flows or charts, and so on. The researcher conducts documentation to retrieve accounting data related to fixed assets.
3. Field Research
   This technique is to be able to find out if the object being studied has realized a report on the asset and inventory as well. The researcher also wants to know the existing assets, whether they have run according to the operational procedures and applicable functions.

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4. Results And Discussion

Results

Table of List of Types of Fixed Asset Classification of Tarakan City Transportation Agency

Yes	Item Field Name	Number of Items	Total Goods Price	Origin	Remarks
1.	Soil	7	IDR 23,987,967,527,92	Grants	The seven areas of resistance consist of land, perishable land, resistant for the construction of trade/company buildings, land for land terminal construction, land for non-work buildings, land for government office buildings, land for other workplace buildings.
2.	Buildings	14	IDR 88,809,377,440,50	Grants and Direct Purchases	Six grant buildings and eight purchase buildings.
3.	Equipment and Machinery	226	IDR 7,351,017,400,00	Grants and Direct Purchases	17 units of two-wheeled motor vehicles used for operations (six used by officials), 1 unit of crane cars, 2 units of operational cars, 2 units of cars used by officials.
4.	Miscellaneous Assets	1	IDR 356,370,256,58	Grants and Direct Purchases	Assets, equipment and machinery were severely damaged.

Source : Data processed

Fixed Asset Accounting Treatment Analysis

1. Recognition of Fixed Assets
   Fixed asset recognition involves the process of recording and classifying fixed assets in an entity's financial statements. Fixed assets are assets owned by an entity for use in its business operations and are not intended to be sold for a short period of time.
2. Fixed Asset Measurement
   According to the permanent asset manager at the Tarakan City Transportation Office after being interviewed, all the machinery and equipment assets provided are ready to use, the Transportation Department only spends the cost of maintaining machinery and equipment. but for land, it is measured by the niai of handing over the fixed assets to the Tarakan City Transportation Office. The cost of acquiring equipment and machinery consists of tax costs, and miscellaneous costs until during the operation.
3. Initial valuation of Fixed Assets
   At the Tarakan City Transportation Office, the study of fixed asset valuation cases is assessed with acquisition costs. The cost of obtaining the assets remains not owned by the Tarakan City Transportation Office, but the transportation department will submit the procurement of these goods.

4. Withdrawal after procurement
   Subsequent *Expenditure* In the case of expenditure after acquisition, the Tarakan City Transportation Agency does not set a limit on the amount of costs capitalized on fixed assets. Therefore, until now there have been no expenditures after the acquisition capitalized on the fixed assets concerned.
5. Depreciation of Fixed Assets
   The accumulated value of the depreciation of the application of the regional management information system (SIMDA) from the Regional Property Management Agency (BPK-BMD). With this application, the Tarakan City Transportation Office makes it easier and saves time to calculate the depreciation of fixed assets of the transportation agency which occurs every 5 years.
6. Cessation and Release of Fixed Assets.
   Retirement and *Disposal* at the Tarakan City Transportation Office if there are fixed assets that are terminated, namely assets that have suffered severe damage Then, for fixed assets that are terminated from the government's active use, the proposed goods will be removed. If the proposed write-off is accepted, the fixed assets are eliminated from the balance sheet which is then disclosed in the Notes to the Financial Statements.
7. Disclosure of Fixed Assets
   The Tarakan City Transportation Office discloses the applicable accounting policies and information regarding fixed asset items in the Notes to Financial Statements (CaLK).

Discussion

Analysis of fixed asset accounting treatment based on PSAP No. 07 at the Tarakan City Transportation Office: Case Study in Transportation. In the following, the researcher presents several comparative analysis tables of the accounting treatment of fixed assets at the Tarakan City Transportation Agency with PSAP No. 07 regarding fixed assets.

Table 1. Comparison of Fixed Asset Recognition by the Tarakan City Transportation Agency with PSAP Number 07

Yes	PSAP No. 07	Tarakan City Transportation Agency	Appropriate/Not Appropriate	Ket.
1.	Useful life of more than 12 (twelve) months	Recognition of fixed assets occurs if the fixed assets owned provide future economic benefits / more than 12 months.	Conform	
2.	Cost of acquisition can be reliably measured	Fixed assets are recognized using reliably measurable acquisition costs.	Conform	
3.	Not intended in the normal operation of an entity	The purpose of the procurement of fixed assets is not to be sold but a fixed asset obtained with the intention of supporting the operational activities of the Tarakan City Transportation Office.	Conform	
4.	Acquired or constructed with the intent to be used	The procurement of an asset is used to support the work program of the Tarakan City Transportation Agency	Conform	

Source : Data processed

From table 1 of the comparison of fixed asset recognition, it can be seen that the accounting treatment of fixed assets in the Transportation Department is in accordance with applicable government regulations.

Table 2. Comparison of Fixed Asset Measurement by the Tarakan City Transportation Agency with PSAP Number 07

Yes	PSAP No. 07	Tarakan City Transportation Agency	Appropriate/Not Appropriate	Ket.
1.	Costs are added directly such as transportation costs and installation costs so that the assets are ready to use.	Fixed assets obtained from the Transportation Department against costs incurred to extend their useful life or maintenance.	Conform	
2.	Expenditures that extend the useful life or provide economic benefits in the future in the form of increasing capacity, production quality or improving performance standards.	Expenses for repairs or maintenance of goods or fixed assets so that they are still used and the benefits of fixed assets can still be felt. The Transportation Department also carries out maintenance with periodic/routine maintenance of the operational service vehicles of the Transportation Department so that there will be no damage during operational activities	Conform	

Source : Data processed

From table 2 of the comparison of fixed asset recognition, it can be seen that the accounting treatment of fixed assets in the Transportation Department is in accordance with applicable government regulations.

Table 3. Comparison of Depreciation of Fixed Assets by the Tarakan City Transportation Agency with PSAP Number 07

Yes	PSAP No. 07	Tarakan City Transportation Agency	Appropriate/Not Appropriate	Ket.
1.	Depreciation treatment carried out by the Transportation Department on assets.	Transportation Agency assets affected by depreciation must be included. This can include all equipment used for transportation, such as cars, highways, bridges, terminals, buildings, and other infrastructure. After that, the Transportation Department chooses a depreciation strategy based on the type of assets and accounting rules used. Proper depreciation treatment guarantees that the value of assets in the financial statements represents the true value, facilitates initial planning for the replacement or maintenance of assets, helps manage their assets effectively ensuring that the value of the assets in the financial statements reflects the true value, and allows for timely planning of asset replacement or maintenance.	Conform	
2.	The depreciation value for each period is recognized as the reduction of the recorded value of fixed assets and invested in fixed assets		Conform	

Source : Data processed

From table 3 of the comparison of fixed asset depreciation, it can be seen that the accounting treatment of fixed assets in the Transportation Department is in accordance with applicable government regulations.

Table 4. Comparison of Stoppage and Release of Fixed Assets by the Tarakan City Transportation Agency with PSAP Number 07

Yes	PSAP No. 07	Tarakan City Transportation Agency	Appropriate/Not Appropriate	Ket.
1.	The treatment carried out by the Transportation Department to carry out the termination or elimination of fixed assets.	An asset is released or discontinued if it has no economic benefit in the future. With this, the Transportation Department will remove damaged and irreparable goods. The damaged assets proposed a letter of request for the elimination of assets to the BPKAD Office for Assets of Tarakan City.	Conform	
2.	Fixed assets that are discontinued from active government use do not meet the definition of fixed assets and must be moved to another asset post	An asset is transferred to another asset post when the asset has been discontinued from active government use	Conform	

Source : Data processed

From table 4 of the comparison of fixed asset valuations and releases, it can be seen that the accounting treatment of fixed assets in the Transportation Department is in accordance with applicable government regulations.

Table 5. Comparison of Fixed Asset Disclosure by the Tarakan City Transportation Agency with PSAP Number 07

Yes	PSAP No. 07	Tarakan City Transportation Agency	Appropriate/Not Appropriate	Ket.
1.	The financial statements must disclose the basis of the valuation used to determine the recorded value.	The Tarakan City Transportation Office revealed that it was recorded, because the financial statements were seen the value of assets that would be purchased every year, so that the financial statements and the asset reports were synchronous.	Conform	
2.	The financial statements of each type of asset are presented in the balance sheet separately/detailed in the CALK.	Each type of fixed asset is stated on the balance sheet separately or detailed on the notes to the financial statements.	Conform	
3.	Reconciliation of amounts recorded at the beginning and end of the period indicating addition, relinquishment, accumulated depreciation and change in value if there is another mutation of fixed assets.	The Transportation Agency's financial statements reveal a reconciliation of recorded amounts that show the release and mutation of other fixed assets during the current year period	Conform	

Source : Data processed

From table 7 of the comparison of fixed asset recognition, it can be seen that the accounting treatment of fixed assets in the Transportation Department is in accordance with applicable government regulations.

5. Conclusion

The conclusion of this study is that the management of fixed assets at the Tarakan City Transportation Office is generally in accordance with the provisions of the Government Accounting Standard Statement (PSAP) No. 07. This is demonstrated by the suitability in aspects:

1. Recognition – a fixed asset is recognized if it has a useful life of more than 12 months and is used for operations, as per the PSAP.
2. Measurement – assets are measured based on acquisition costs including additional costs such as taxes and installations.
3. Depreciation – is carried out through the SIMDA application system and recorded with the right principles.
4. Termination/Release – is carried out through a mechanism for the removal of heavily damaged assets, in accordance with applicable procedures.
5. Disclosure – fixed asset information is adequately disclosed in the Notes to Financial Statements (CaLK).

However, there are still some obstacles such as:

1. Inconsistencies in the recording of fixed assets,
2. Valuation of assets that are not fully accountable, and
3. There is no standard policy related to the capitalization of expenditure after acquisition.

Thus, improving the system of recording, assessment, and supervision of fixed assets is urgently needed to support transparency and accountability of regional finances as a whole.

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